



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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April 11, 2024

Board of Directors
United Way of St. Joseph County, Inc.
St. Joseph County, Indiana

We have reviewed the audit report of United Way of St. Joseph County, Inc. which was opined upon by DWC CPAs LLC, Independent Public Accountants, for the period July 1, 2022 to June 30, 2023. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of United Way of St. Joseph County, Inc. as of June 30, 2023 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, DWC CPAs LLC prepared the audit report in accordance with guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

CONSOLIDATED FINANCIAL REPORT

UNITED WAY OF ST. JOSEPH COUNTY, INC. AND AFFILIATES

June 30, 2023 and 2022

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Audit, Accounting, Tax & Advisory

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of St. Joseph County, Inc. and Affiliates
South Bend, Indiana

Opinion

We have audited the consolidated financial statements of United Way of St. Joseph County, Inc. and Affiliates, which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of United Way of St. Joseph County, Inc. and Affiliates as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of St. Joseph County, Inc. and Affiliates and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of St. Joseph County, Inc. and Affiliates' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a

material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Way of St. Joseph County, Inc. and Affiliates' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of St. Joseph County, Inc. and Affiliates' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

DWC CPA's LLC

South Bend, Indiana
February 22, 2024

UNITED WAY OF ST. JOSEPH COUNTY, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

	2023			2022		
	Without Donor	With Donor	Totals	Without Donor	With Donor	Totals
	Restrictions	Restrictions		Restrictions	Restrictions	
Assets:						
Cash and cash equivalents	\$ 5,471,478	\$ 98,506	\$ 5,569,984	\$ 4,096,776	\$ 161,948	\$ 4,258,724
Investments	-	-	-	43,130	-	43,130
Promises to give	39,867	389,286	429,153	85,354	431,590	516,944
Prepaid expenses	29,382	-	29,382	24,128	-	24,128
Beneficial interests in assets held by Community Foundation	566,930	-	566,930	554,908	-	554,908
Cash restricted for construction of neighborhood center	-	1,253,892	1,253,892	-	-	-
Property and equipment	6,661,395	-	6,661,395	4,490,304	-	4,490,304
<i>Total assets</i>	<u>\$ 12,769,052</u>	<u>\$ 1,741,684</u>	<u>\$ 14,510,736</u>	<u>\$ 9,294,600</u>	<u>\$ 593,538</u>	<u>\$ 9,888,138</u>
Liabilities and Net Assets:						
Liabilities:						
Accounts payable	\$ 632,771	\$ -	\$ 632,771	\$ 1,039,301	\$ -	\$ 1,039,301
Accrued liabilities	46,953	-	46,953	47,406	-	47,406
Refundable grant advances	2,839,649	-	2,839,649	120,022	-	120,022
Allocations payable	6,125	-	6,125	603,009	-	603,009
Designations payable	120,562	-	120,562	162,823	-	162,823
Funds held for others	31,353	-	31,353	31,353	-	31,353
<i>Total liabilities</i>	<u>3,677,413</u>	<u>-</u>	<u>3,677,413</u>	<u>2,003,914</u>	<u>-</u>	<u>2,003,914</u>
Net Assets:						
Without donor restrictions:						
Undesignated	1,211,738	-	1,211,738	1,600,431	-	1,600,431
Invested in property and equipment	6,661,395	-	6,661,395	4,490,304	-	4,490,304
Board designated:						
For operating purposes	361,036	-	361,036	361,036	-	361,036
For capital purposes	290,540	-	290,540	284,007	-	284,007
For endowment	566,930	-	566,930	554,908	-	554,908
	<u>9,091,639</u>	<u>-</u>	<u>9,091,639</u>	<u>7,290,686</u>	<u>-</u>	<u>7,290,686</u>
With donor restrictions:						
Time-restricted for future periods	-	389,286	389,286	-	431,590	431,590
Purpose restricted	-	1,352,398	1,352,398	-	161,948	161,948
	<u>-</u>	<u>1,741,684</u>	<u>1,741,684</u>	<u>-</u>	<u>593,538</u>	<u>593,538</u>
<i>Total net assets</i>	<u>9,091,639</u>	<u>1,741,684</u>	<u>10,833,323</u>	<u>7,290,686</u>	<u>593,538</u>	<u>7,884,224</u>
<i>Total liabilities and net assets</i>	<u>\$ 12,769,052</u>	<u>\$ 1,741,684</u>	<u>\$ 14,510,736</u>	<u>\$ 9,294,600</u>	<u>\$ 593,538</u>	<u>\$ 9,888,138</u>

The accompanying notes are an integral part of these consolidated financial statements.

UNITED WAY OF ST. JOSEPH COUNTY, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
Support, Revenue, and Gains:						
Annual campaign contributions:						
Total donor promises	\$ -	\$ 1,053,815	\$ 1,053,815	\$ -	\$ 1,221,243	\$ 1,221,243
Less donor designations	-	(97,223)	(97,223)	-	(201,129)	(201,129)
Less provision for uncollectables	-	(47,621)	(47,621)	-	(58,644)	(58,644)
<i>Net annual campaign contributions</i>	-	908,971	908,971	-	961,470	961,470
Other contributions and sponsorships	104,254	162,071	266,325	81,682	346,341	428,023
Grants	45,000	1,151,847	1,196,847	8,738	2,035,545	2,044,283
Government-funded awards	-	2,684,016	2,684,016	146,200	2,039,217	2,185,417
Revenues from contracts with customers:						
Rent income	224,829	-	224,829	-	-	-
Net investment return	30,544	-	30,544	28,839	-	28,839
Change in value of beneficial interests in assets						
held by Community Foundation	12,022	-	12,022	(92,538)	-	(92,538)
Other	-	-	-	21	-	21
Net assets released from restrictions	<u>3,758,759</u>	<u>(3,758,759)</u>	<u>-</u>	<u>5,901,484</u>	<u>(5,901,484)</u>	<u>-</u>
<i>Total support, revenue, and gains</i>	<u>4,175,408</u>	<u>1,148,146</u>	<u>5,323,554</u>	<u>6,074,426</u>	<u>(518,911)</u>	<u>5,555,515</u>
Expenses:						
Program services expenses:						
Community Impact	833,757	-	833,757	1,849,871	-	1,849,871
Communications Impact	105,703	-	105,703	124,391	-	124,391
Neighborhood Centers	<u>639,151</u>	<u>-</u>	<u>639,151</u>	<u>17,146</u>	<u>-</u>	<u>17,146</u>
<i>Total program services expenses</i>	<u>1,578,611</u>	<u>-</u>	<u>1,578,611</u>	<u>1,991,408</u>	<u>-</u>	<u>1,991,408</u>
Supporting services expenses:						
Management and general	291,375	-	291,375	234,312	-	234,312
Fundraising	<u>504,469</u>	<u>-</u>	<u>504,469</u>	<u>444,746</u>	<u>-</u>	<u>444,746</u>
<i>Total supporting services expenses</i>	<u>795,844</u>	<u>-</u>	<u>795,844</u>	<u>679,058</u>	<u>-</u>	<u>679,058</u>
<i>Total expenses</i>	<u>2,374,455</u>	<u>-</u>	<u>2,374,455</u>	<u>2,670,466</u>	<u>-</u>	<u>2,670,466</u>
Change in net assets	1,800,953	1,148,146	2,949,099	3,403,960	(518,911)	2,885,049
Net assets, beginning of year	<u>7,290,686</u>	<u>593,538</u>	<u>7,884,224</u>	<u>3,886,726</u>	<u>1,112,449</u>	<u>4,999,175</u>
<i>Net assets, end of year</i>	<u>\$ 9,091,639</u>	<u>\$ 1,741,684</u>	<u>\$ 10,833,323</u>	<u>\$ 7,290,686</u>	<u>\$ 593,538</u>	<u>\$ 7,884,224</u>

The accompanying notes are an integral part of these consolidated financial statements.

UNITED WAY OF ST. JOSEPH COUNTY, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2023

	<u>Community Impact</u>	<u>Communications Impact</u>	<u>Neighborhood Centers</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
Personnel:						
Salaries and wages	\$ 308,571	\$ 60,540	\$ 184,345	\$ 136,182	\$ 281,718	\$ 971,356
Retirement	8,707	2,242	9,624	6,247	10,710	37,530
Other benefits	18,700	8,254	31,478	11,870	33,822	104,124
Payroll taxes	19,829	4,490	12,966	12,175	23,363	72,823
<i>Total personnel</i>	<u>355,807</u>	<u>75,526</u>	<u>238,413</u>	<u>166,474</u>	<u>349,613</u>	<u>1,185,833</u>
Project expenses	410,821	-	-	-	-	410,821
Data processing	-	-	-	4,055	-	4,055
Outside services	27,562	440	22,927	67,458	31,563	149,950
Printing and office supplies	6,009	2,731	52,630	2,901	33,903	98,174
Communications	1,274	1,244	5,632	1,244	1,572	10,966
Postage and shipping	500	853	5	805	2,603	4,766
Conferences and travel	4,742	141	50	6,221	20,861	32,015
Local transportation	121	8	16	626	702	1,473
Equipment expenses	2,702	988	12,719	3,533	19,286	39,228
Occupancy	11,416	11,415	114,133	14,427	11,417	162,808
Dues to affiliated organizations	10,050	10,050	-	10,050	10,050	40,200
Other dues and fees	665	219	-	219	5,982	7,085
Other	-	-	785	11,274	14,829	26,888
Depreciation	2,088	2,088	191,841	2,088	2,088	200,193
<i>Totals</i>	<u>\$ 833,757</u>	<u>\$ 105,703</u>	<u>\$ 639,151</u>	<u>\$ 291,375</u>	<u>\$ 504,469</u>	<u>\$ 2,374,455</u>

The accompanying notes are an integral part of these consolidated financial statements.

UNITED WAY OF ST. JOSEPH COUNTY, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

	<u>Community Impact</u>	<u>Communications Impact</u>	<u>Neighborhood Centers</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
Personnel:						
Salaries and wages	\$ 317,166	\$ 62,958	\$ 7,249	\$ 121,680	\$ 290,902	\$ 799,955
Retirement	4,940	794	-	7,510	8,945	22,189
Other benefits	8,169	8,024	(261)	14,521	31,612	62,065
Payroll taxes	19,981	4,348	368	12,145	21,028	57,870
<i>Total personnel</i>	<u>350,256</u>	<u>76,124</u>	<u>7,356</u>	<u>155,856</u>	<u>352,487</u>	<u>942,079</u>
Funds allocated to						
member agencies	603,009	-	-	-	-	603,009
Project expenses	789,877	-	-	-	-	789,877
Data processing	-	-	-	3,415	-	3,415
Outside services	25,916	876	2,846	13,915	759	44,312
Printing and office supplies	16,029	5,358	475	2,809	35,623	60,294
Communications	1,516	1,159	-	1,319	1,159	5,153
Postage and shipping	1,203	555	-	883	2,675	5,316
Conferences and travel	18,406	115	65	356	514	19,456
Local transportation	325	9	-	104	503	941
Equipment expenses	7,298	2,893	325	8,647	8,325	27,488
Occupancy	18,243	18,242	6,079	20,788	18,243	81,595
Dues to affiliated organizations	14,619	14,618	-	14,618	14,619	58,474
Other dues and fees	868	2,136	-	421	5,821	9,246
Other	-	-	-	8,875	1,712	10,587
Depreciation	2,306	2,306	-	2,306	2,306	9,224
<i>Totals</i>	<u>\$ 1,849,871</u>	<u>\$ 124,391</u>	<u>\$ 17,146</u>	<u>\$ 234,312</u>	<u>\$ 444,746</u>	<u>\$ 2,670,466</u>

The accompanying notes are an integral part of these consolidated financial statements.

UNITED WAY OF ST. JOSEPH COUNTY, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Cash received from annual campaign contributions	\$ 951,275	\$ 967,596
Cash received from other contributions, grants, and sponsorships	3,679,756	926,008
Cash received from others	224,829	21
Investment return received	30,780	30,638
Cash paid for personnel	(1,196,941)	(920,160)
Cash paid to member agencies	(639,145)	(581,352)
Cash paid to vendors and others	(2,011,123)	(878,861)
Interest paid	-	(139)
<i>Net cash provided by (used in) operating activities</i>	<u>1,039,431</u>	<u>(456,249)</u>
Cash Flows from Investing Activities:		
Proceeds from maturities of certificates of deposit	-	190,000
Proceeds from sale investments	43,332	-
Purchase of investments	(202)	(980)
Purchase of property and equipment	<u>(1,749,955)</u>	<u>(3,428,885)</u>
<i>Net cash (used in) investing activities</i>	<u>(1,706,825)</u>	<u>(3,239,865)</u>
Cash Flows from Financing Activities:		
Collection of contributions restricted to building project	3,232,546	3,359,966
Payment of capital lease obligation	-	(2,988)
<i>Net cash provided by financing activities</i>	<u>3,232,546</u>	<u>3,356,978</u>
Net change in cash, cash equivalents, and restricted cash	2,565,152	(339,136)
Cash, cash equivalents, and restricted cash, beginning of year	<u>4,258,724</u>	<u>4,597,860</u>
<i>Cash, cash equivalents, and restricted cash, end of year</i>	<u>\$ 6,823,876</u>	<u>\$ 4,258,724</u>
Reconciliation of Change in Net Assets to Net Cash		
Provided by (Used in) Operating Activities:		
Change in net assets	\$ 2,949,099	\$ 2,885,049
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contributions restricted to building project	(3,232,546)	(3,359,966)
Forgiveness of Paycheck Protection Program loan	-	(136,200)
Change in value of beneficial interests in assets held by Community Foundation	(12,022)	92,538
Depreciation	200,193	9,224
Net investment losses	-	1,410
Changes in operating assets and liabilities:		
Promises to give	87,791	248,969
Other receivables	-	-
Prepaid expenses	(5,254)	(5,540)
Accounts payable and accrued liabilities	(1,028,312)	262,647
Refundable grant advances	2,719,627	(476,598)
Allocations payable	(596,884)	(43,491)
Designations payable	(42,261)	65,148
Funds held for others	-	561
<i>Net cash provided by (used in) operating activities</i>	<u>\$ 1,039,431</u>	<u>\$ (456,249)</u>
Non-Cash Investing Activity:		
Property and equipment financed through accounts payable	<u>\$ 621,329</u>	<u>\$ 750,331</u>

The accompanying notes are an integral part of these consolidated financial statements.

UNITED WAY OF ST. JOSEPH COUNTY, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements include the accounts of United Way of St. Joseph County, Inc. and its wholly owned affiliates, One Roof St. Joe County, LLC, One Roof St. Joe County Southeast, LLC, One Roof St. Joe County Mishawka, LLC, and One Roof St. Joe County Northwest, LLC, (collectively, we, us, our, the Organization). Our operations are supported primarily by individual and corporate donations and grants.

United Way of St. Joseph County, Inc. (the Organization, we, us, our) is an Indiana nonprofit corporation that, with the help of thousands of volunteers, strives to identify, address, and, where possible, resolve human service needs in St. Joseph County, Indiana. We fulfill our mission by focusing our efforts in the following areas:

- *Community Impact* – We assess the needs of St. Joseph County in relation to poverty and issues impacting ALICE (Assets Limited, Income Constrained, Employed) families and manage initiatives focused on early learning, youth success, and stable families, as well as emergency and crisis services. We then guide the investment award process for initiatives addressing those needs. We also manage, train, develop, and equip organizations that target low to moderate-income level families and individuals in the areas of financial stability, asset building, financial literacy, school readiness, volunteer recruitment, home improvement/rehabilitation, and capacity building.
- *Communications Impact* – We develop and maintain events and communication platforms to keep the general public aware of the needs and resources in our community.
- *Neighborhood Centers* – We primarily serve families living within center neighborhoods to provide a high-quality Early Learning Program, holistic health, youth and senior services.

Our wholly owned affiliates were formed to hold and manage neighborhood centers.

Significant Accounting Policies:

Method of Presentation:

The consolidated financial statements present the consolidated financial position, activities, and cash flows of United Way of St. Joseph County, Inc. and its wholly owned affiliates. All inter-organization balances and transactions among the entities have been eliminated in the accompanying consolidated financial statements.

Use of Estimates:

The process of preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts. Significant estimates used in the accompanying consolidated financial statements include-

- The allowance for uncollectable promises to give, which is based on historical loss experience, known information about individual donors, and general economic conditions. It is reasonably possible that uncollectable promises will exceed the allowance.

UNITED WAY OF ST. JOSEPH COUNTY, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2023 and 2022

- Revenue earned from government-funded awards, which are governed by federal and State cost principles and other administrative and programmatic regulations and are subject to audit by regulatory authorities.
- The valuation of the beneficial interests in assets held by the Community Foundation, which is based on the value of the underlying assets, as provided by the Community Foundation that holds the assets and which approximates the present value of expected future distributions.
- The allocations of certain costs among functions, which are based on time and facility usage studies and other cost allocation methods.

Net Asset Classes:

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for operating purposes, capital purposes, and an endowment.
- *Net assets with donor restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity; however, to date, we have not received any such net assets. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents:

We consider time deposits, certificates of deposit, and other highly liquid debt instruments with an original maturity of three months or less and that are neither held for nor restricted by donors for long-term purposes to be cash equivalents. However, cash and equivalents that are temporarily held in investment accounts are included with investments.

Certificates of Deposit:

Certificates of deposit are stated at maturity value, which approximates fair value.

Investments:

Investment purchases are recorded at cost, or if donated, at fair value on the date donated. Thereafter, investments are reported at fair value in the consolidated statements of financial position. Net investment return is reported in the consolidated statements of activities and consists of interest and dividend income and realized and unrealized gains and losses, less external and direct internal investment expenses.

UNITED WAY OF ST. JOSEPH COUNTY, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2023 and 2022

Promises to Give:

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value, using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statements of activities. The allowance for uncollectable promises to give is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written-off when deemed uncollectable.

Beneficial Interests in Assets Held by Community Foundation:

We have established two endowment funds that are perpetual in nature (the funds) with Community Foundation of St. Joseph County, Inc. (Community Foundation) to which both we and others have contributed and named ourselves as beneficiary. We and other donors granted variance power to Community Foundation, which allows Community Foundation to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of Community Foundation's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The funds are held and invested by Community Foundation for our benefit. The portions of the funds that are attributable to our contributions are reported at fair value in the consolidated statements of financial position based on the value of the underlying assets, as provided by Community Foundation and which approximates the present value of expected future distributions. Distributions and changes in the value of those portions of the funds are recognized in the consolidated statements of activities. The portions of the funds attributable to contributions from others are not reported as an asset in the consolidated statements of financial position, and distributions from those portions are included in contributions revenue in the consolidated statements of activities.

Property and Equipment:

Property and equipment is stated at cost if purchased, or at fair market value at the date of receipt if donated, less accumulated depreciation and less any impairment. Depreciation is recorded by the straight-line method over the estimated useful lives of the assets, which are generally as follows:

Building and improvements.....	10-30 years
Furniture and equipment.....	5-10 years

Allocations to Member Agencies:

We provide annual allocations to our member agencies from the annual fundraising campaign, generally by June 30, payable over the next twelve months, provided that the member agencies comply with the agency agreement. Such allocations are recorded when unconditionally promised, and the balance of amounts payable is reported as allocations payable in the accompanying consolidated statements of financial position. There were no allocations payable at June 30, 2023. Allocations payable at June 30, 2022 pertain to the campaign year ended June 30, 2022. All allocations are payable in the next year, and there is no unamortized discount on the allocations.

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Funds Held for Others:

We act as a fiscal agent for other entities. The amount of cash and promises collected under these agreements is reported in the accompanying consolidated statements of financial position as both an asset and a liability. No revenues or expenses are reported in the accompanying consolidated statements of activities and functional expenses for promises collected or disbursed under these agreements.

Revenue and Revenue Recognition:

Contributions and grants:

Contributions and grants are recognized as revenue when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional contributions are not recognized as revenue until the conditions on which they depend have been substantially met. Amounts received from conditional contributions are reported as refundable grant advances in the consolidated statements of financial position until the conditions are satisfied.

Revenue from cost-reimbursable and fee-for-service awards is recognized as revenue when allowable expenditures are incurred or allowable services are performed. Amounts received in advance of incurring allowable costs or performing allowable services are reported as refundable grant advances in the consolidated statements of financial position.

Contributions and grants expected to be collected within one year are recorded at net realizable value. Contributions and grants expected to be collected in more than one year are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates applicable to the periods in which the promises are received. Amortization of the discounts is included in contributions revenue.

We consider all contributions to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as net assets with donor restrictions.

A portion of promises received from our annual campaign are designated by the donors for specific member agencies (Donors' Choice). Because we act as an agent with respect to such promises, no income or expense is recognized for Donors' Choice promises. Donors' Choice promises are included in promises to give, with a related liability recorded for the same amount, which is reported as designations payable in the accompanying consolidated statements of financial position. We deduct a portion of such promises, which we recognize as income when the related promises are received and include in annual campaign contributions in the accompanying consolidated statements of activities. The costs to generate and distribute designated promises are reported as fundraising expenses.

Donated marketable securities and other non-cash donations are recorded as contributions at their fair values at the date of donation. Contributions of services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated, are recorded at their fair value in the period received. In addition, a substantial number of unpaid volunteers make significant contributions of their time to us that do not meet the requirements to be recognized in the consolidated financial statements. Contributed services of \$950 and

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\$1,794 for the years ended June 30, 2023 and 2022, respectively, were recognized as support and revenue in the accompanying consolidated statements of activities.

Paycheck Protection Program Loan:

In April 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act, which includes the Paycheck Protection Program (PPP), was enacted into law. PPP was a loan program through U.S. Small Business Administration (SBA) and its participating banks in which loans could be forgiven for expenditures of loan proceeds incurred in the eight or twenty-four weeks following the origination date of the loan for certain payroll costs, rents, mortgage interest, and utilities. The amount forgiven was reduced proportionally by any reduction in employees retained or in payroll reduced. In January 2021 we received a PPP loan for \$136,200. We received full forgiveness of this loan in July 2021 and, consequently, recognized the entire the entire \$136,200 as revenue in the 2022 consolidated statement of activities.

Contracts with customers:

We earn revenue from customers by leasing space in our neighborhood centers to nonprofit partners and in providing administrative and other services. Rent income is recognized monthly under the terms of the leases. Fees for services are recognized as revenue at the point in time when the services are substantially performed and billed.

A performance obligation is a promise in a contract with a customer to transfer a distinct good or service. All of our contracts with customers are considered to have a single performance obligation, whereby we provide space or services to our customers.

Functional Expense Allocations:

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function and report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and others, which are allocated on the basis of estimates of time and effort or other factors driving expenses.

Advertising:

Advertising costs are expensed when incurred. Advertising expense was \$30,361 and \$18,667 for the years ended June 30, 2023 and 2022, respectively.

Income Taxes:

We are exempt from income tax under Internal Revenue Code Section 501(c)(3) and a similar section of the Indiana Code, except for tax on unrelated business income. Consequently, the accompanying consolidated financial statements do not include any provision for income taxes except for tax on unrelated business income. The Internal Revenue Service classifies us as other than a private foundation under Internal Revenue Code Section 509(a)(1).

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We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Examples of tax positions include our tax-exempt status and positions related to potential sources of unrelated business taxable income. We have not identified any uncertain tax positions taken or expected to be taken in a tax return, and there are no unrecognized tax benefits recorded as liabilities in the accompanying consolidated financial statements. We classify interest and penalties, if any, associated with uncertain tax positions as a component of income tax expense. There was no accrued interest or any penalties related to unrecognized tax benefits at either June 30, 2023 or 2022, or any interest or penalties expense related to unrecognized tax benefits for the years then ended. We are no longer subject to examination by the Internal Revenue Service or the State of Indiana for years ending prior to June 30, 2020.

Financial Instruments and Credit Risk:

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Promises to give, which are generally due from individuals and entities located in the St. Joseph County, Indiana area, represent a geographic concentration credit risk.

Subsequent Events:

The date through which events occurring subsequent to June 30, 2023 have been evaluated for possible adjustment to the consolidated financial statements or disclosure is February 22, 2024, the date on which the consolidated financial statements were available to be issued.

NOTE 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure (that is, without donor or other restrictions limiting their use) within one year of June 30, 2023 and 2022, respectively, are as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 5,471,478	\$ 4,072,861
Investments	-	43,130
Promises to give	429,153	461,944
Distributions from beneficial interests in assets held by Community Foundation	<u>22,677</u>	<u>22,196</u>
<i>Total financial assets available for general expenditure</i>	<u>\$ 5,923,308</u>	<u>\$ 4,600,131</u>

Distributions from the beneficial interests in assets held by Community Foundation reflect expected distributions based on Community Foundation's historical 4-5% distribution rate.

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As part of our liquidity management plan, we invest cash in excess of daily requirements in short-term investments, CDs, and money market funds. Occasionally, the Board designates a portion of any operating surplus to our operating reserve, which was \$361,036 at both June 30, 2023 and 2022.

NOTE 3. INVESTMENTS AND NET INVESTMENT RETURN

Investments consisted of the following at June 30, 2022:

Cash and equivalents	\$ 487
Corporate bond mutual funds	2,643
Corporate bonds	<u>40,000</u>
<i>Total investments</i>	<u>\$ 43,130</u>

Net investment return was as follows for the years ended June 30, 2023 and 2022, respectively:

	<u>2023</u>	<u>2022</u>
Interest on bank accounts	\$ 1,221	\$ 1,154
Interest and dividends from investments	438	1,369
Distributions from beneficial interest in Community Foundation	29,121	28,115
Realized investment gains (losses)	(330)	21
Unrealized investment gains (losses)	330	(1,431)
Investment expenses	<u>(236)</u>	<u>(389)</u>
<i>Net investment return</i>	<u>\$ 30,544</u>	<u>\$ 28,839</u>

NOTE 4. PROMISES TO GIVE

Promises to give consist of unconditional promises to give to our annual campaign and other grants and contributions, and are due as follows at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Due in less than one year	\$ 487,197	\$ 585,219
Due in one to five years	<u>-</u>	<u>-</u>
	487,197	585,219
Less allowance for uncollectables	<u>(58,044)</u>	<u>(68,275)</u>
<i>Net promises to give</i>	<u>\$ 429,513</u>	<u>\$ 516,944</u>

There is no discount for imputed interest on promises to give at either June 30, 2023 or 2022 because the amount is immaterial.

In addition, at June 30, 2023 we received conditional grants of approximately \$1,838,000 dependent upon raising matching contributions for future Neighborhood Center projects and approximately \$1,340,000 for awards in excess of allowable costs incurred under cost-reimbursable award that will be recognized as revenue if and when the conditions are met and the matching contributions are received and allowable costs are incurred.

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NOTE 5. BENEFICIAL INTERESTS IN ASSETS HELD BY COMMUNITY FOUNDATION

We are the beneficiary of two endowment funds held by Community Foundation of St. Joseph County, Inc. (Community Foundation), to which both we and others have donated. We and other donors granted variance power to Community Foundation, which allows Community Foundation to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of Community Foundation's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. Distributions to us are under the control of Community Foundation's Board of Directors. The value of that portion of the funds attributable to contributions by us is \$566,930 and \$554,908 at June 30, 2023 and 2022, respectively. Distributions of \$29,121 and \$28,115 were made from that portion of the funds in the years ended June 30, 2023 and 2022, respectively, which are included in net investment return. The change in value of that portion of the funds, net of distributions, was \$12,022 and (\$92,538) for the years ended June 30, 2023 and 2022, respectively, which is included in revenues in the accompanying consolidated statements of activities.

The value of the portions of the funds attributable to contributions by others is not recorded as an asset because those portions were funded by other donors who granted Community Foundation variance power. The value of that portion of the funds was \$137,720 and \$133,673, at June 30, 2023 and 2022, respectively. Distributions of \$7,015 and \$6,715 were made from that portion of the funds in the years ended June 30, 2023 and 2022, respectively, which are included in other contribution revenues in the accompanying consolidated statements of activities.

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2023 and 2022, respectively:

	<u>2023</u>	<u>2022</u>
Land	\$ 21,684	\$ -
Building and improvements	7,032,445	751,380
Furniture and equipment	<u>387,250</u>	<u>167,214</u>
	7,441,379	918,594
Less accumulated depreciation	<u>(1,046,518)</u>	<u>(846,325)</u>
	6,394,861	72,269
Assets not yet in service	<u>266,534</u>	<u>4,418,035</u>
<i>Net property and equipment</i>	<u>\$ 6,661,395</u>	<u>\$ 4,490,304</u>

NOTE 7. FAIR VALUE MEASUREMENTS

We report certain assets at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data

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obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

- *Level 1:* Quoted prices (unadjusted) for identical assets in active markets that the entity has the ability to access as of the measurement date.
- *Level 2:* Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- *Level 3:* Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset.

The fair value of assets measured on a recurring basis at June 30, 2023 and 2022, respectively, is as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<i>For 2023:</i>				
Investments	\$ -	\$ -	\$ -	\$ -
Beneficial interests in assets held by Community Foundation	<u>566,930</u>	<u>-</u>	<u>-</u>	<u>566,930</u>
<i>Totals</i>	<u>\$ 566,930</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 566,930</u>
<i>For 2022:</i>				
Investments	\$ 43,130	\$ 3,130	\$ 40,000	\$ -
Beneficial interests in assets held by Community Foundation	<u>554,908</u>	<u>-</u>	<u>-</u>	<u>554,908</u>
<i>Totals</i>	<u>\$ 598,038</u>	<u>\$ 3,130</u>	<u>\$ 40,000</u>	<u>\$ 554,908</u>

Fair values for investments in Level 1 assets are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair value for investments in Level 2 assets are priced by independent pricing services using observable market inputs. Fair value for the beneficial interests in assets held by Community Foundation is based on the fair value of the underlying assets, as provided by Community Foundation and which approximates the present value of expected future distributions. We revalue the fair value of our beneficial interests annually and adjust the measurement inputs based on statements received from Community Foundation, market conditions, and other relevant data.

The following is a reconciliation of beginning and ending balances of the fair value of assets measured by Level 3 inputs for the years ended June 30, 2023 and 2022, respectively:

	<u>2023</u>	<u>2022</u>
Fair value, beginning of year	\$ 554,908	\$ 647,446
Distributions	(29,121)	(28,115)
Change in value	<u>41,143</u>	<u>(64,423)</u>
<i>Fair value, end of year</i>	<u>\$ 566,930</u>	<u>\$ 554,908</u>

The change in value of the beneficial interests in assets held by Community Foundation is reported as such in revenues in the accompanying consolidated statements of activities. All the above Level

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3 changes in value are attributable to changes in the value of assets held by Community Foundation at June 30, 2023 and 2022, respectively.

NOTE 8. NET ASSETS INFORMATION

Net assets with donor restrictions are restricted for the following periods or purposes at June 30, 2023 and 2022, respectively:

	<u>2023</u>	<u>2022</u>
Subject to the passage of time:		
Annual campaign promises for the next year	\$ 389,286	\$ 431,590
Subject to expenditure for specified purposes:		
Neighborhood centers	1,253,892	-
Education	68,625	121,796
Health Initiative Alliance	-	2,172
Collective Impact	<u>29,881</u>	<u>37,980</u>
	<u>1,352,398</u>	<u>161,948</u>
<i>Total net assets with donor restrictions</i>	<u>\$ 1,741,684</u>	<u>\$ 593,538</u>

Net assets were released from donor restrictions by the passage of time or by incurring expenses satisfying restricted purposes or other events specified by the donors as follows for the years ended June 30, 2023 and 2022, respectively:

Expiration of time restrictions	\$ 951,274	\$ 967,596
Satisfaction of purpose restrictions:		
COVID-19 relief	-	479,457
Education	254,714	310,217
Collective Impact	369,907	180,717
Team HEAT program	80,000	82,373
Food program	122,038	39,940
Health Initiative Alliance	2,172	12,194
Southeast neighborhood center	1,978,654	3,783,990
Vision testing	<u>-</u>	<u>45,000</u>
<i>Total net assets released from restrictions</i>	<u>\$ 3,758,759</u>	<u>\$ 5,901,484</u>

NOTE 9. RETIREMENT PLAN

We maintain a defined-contribution tax-deferred annuity pension plan covering substantially all of our employees. Pension costs are funded in the period that they accrue. Pension expense was \$29,141 and \$22,189 for the years ended June 30, 2023 and 2022, respectively.

NOTE 10. CASH FLOWS INFORMATION

The following reconciles cash, cash equivalents, and restricted cash reported within the consolidated statements of financial position that sum to the total of the same such amounts reported in the consolidated statements of cash flows at June 30, 2023 and 2022:

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	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 5,569,984	\$ 4,258,724
Cash restricted for construction of neighborhood centers	<u>1,253,892</u>	<u>-</u>
<i>Total cash, cash equivalents, and restricted cash reported in the consolidated statements of cash flows</i>	<u>\$ 6,823,876</u>	<u>\$ 4,258,724</u>

NOTE 11. CONCENTRATIONS

All of our programs and activities occur in St. Joseph County, Indiana and the surrounding area; consequently, our sources of support and revenue may be affected by conditions in this area. For both years ended June 30, 2023 and 2022, approximately 17% of total revenues were received from our annual campaign. In addition, contributions from two donors were approximately 44%, and 11%, respectively, of total revenues for the year ended June 30, 2023. Contributions from three donors were approximately 33%, 21%, and 12%, respectively, of total revenues for the year ended June 30, 2022.

Financial instruments that expose us to concentrations of credit risk consist primarily of cash and cash equivalents and promises to give. We have cash on deposit with financial institutions that, at times, may exceed federal deposit insurance limits. At June 30, 2023, we had deposits with one financial institution that exceeded the federal deposit insurance limits by approximately \$6,600,000. Promises to give, which are generally due from individuals and entities in the St. Joseph County, Indiana area, represent a geographic concentration of credit risk. In addition, at June 30, 2023, promises from one employer and its employees represented approximately 28% of total promises to give, while promises from one other donor represented approximately 15% of total promises to give. At June 30, 2022, promises from one employer and its employees represented approximately 45% of total promises to give, and promises from two other donors represented approximately 29% and 14%, respectively, of total promises to give.